NC HR/Payroll JAD Session Summary

State of North Carolina HR/Payroll Project
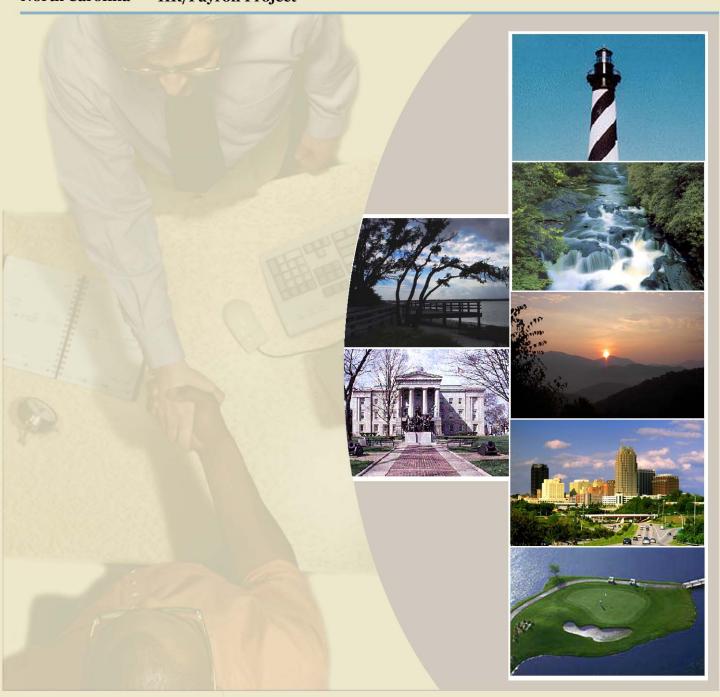
HR-020 Plan and Manage HR Programs & Plans

Business Process Overview
Once HR programs and plans have been established, their effective management includes communication, eligibility determination, plan enrollment, plan changes and coordination/information exchange with any third parties.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Increased statewide consolidated planning for HR programs to allow better sharing of resources and exchange of best practices across agencies

Business Benefits
- Consolidated data will be available to measure a program's success
- Ability to report on statewide data without having to call agencies to collect fragmented data
- Greater ability to plan at the State level due to statewide consolidated data
- Ability to be proactive, rather than reactive to requests or problems
- Ability to spend more time analyzing data than collecting it
- Ability to spend more time on strategic HR functions rather than HR administration
- Ability to make informed decisions due to real time data access
- Greater accuracy and efficiency in data entry
- Improved data security

Potential Barriers to Success
- Hesitancy to share job descriptions across the organization due to territorial managers
- Fear employees may see a job description and feel they perform similar tasks and should be paid more
- Budgetary restrictions may prevent changes from being made
- Employees don't understand the benefits of this project and fear how this will affect their jobs
- Users are afraid they will not know how to perform basic transactions and will not know who to call
- People are used to moving paper and fear an electronic environment
- Some of the workforce is not familiar with computers
- Employees may use different levels/types of technology (different browsers, etc.)
- Pessimism about IT projects in general, and perception that ERP implementations fail or usually get postponed
- No commitment from top management
- Implementation may not be staffed with the right resources
- Additional requirements may be received late in the project lifecycle (legislature, etc.) creating a significant business and/or system impact

Possible Areas for Standardization/Consolidation
- Standardize leave tracking to one system statewide
- Consolidate supplemental benefit plans across agencies

Performance Metrics

- Reduced time to complete performance evaluations
- Increased percentage of performance evaluations completed on time
- Decreased cost and productivity ratios (cost versus number of employees)
- Increased retention of employees because of improved support of their HR needs
- Percent of trained employees with increased KSAs as reported by management
- Percent of new hires who are exceeding expectations after one year
- Decreased voluntary turnover rate of high performing employees
- Percent of grievances settled through mediation

Related North Carolina Legislation

- See Appendix A

Observations:

- The State has decentralized HR policies and procedures, which will make it more difficult to implement an HR system with standardized processes
- There is a great potential for sharing resources across agencies, particularly in training, recruiting, and career and succession planning
- The State has significant opportunities to align HR programs and policies with statewide strategic objectives
- Increased statewide consolidated planning for HR programs will allow for better sharing of resources and exchange of best practices across agencies

Potential Next Steps:

- Conduct a detailed review of policies and procedures to align, simplify, and clarify existing policies
- Develop a cross-agency talent sharing pool for the future before staffing issues become more critical
- Define a set of mission critical common data elements that would enable significant improvement in statewide analytics

HR-030 Design and Maintain Organizational Structure

Business Process Overview
The objectives of this process are to determine organizational design, define competencies and reporting/working relationships for each position, maintain job descriptions and responsibilities for each position in the organization, and create an organizational development plan to achieve desired staffing and skill levels.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Use electronically generated organizational charts across all parts of the State rather than producing paper charts
- Simplify and consolidate job descriptions
- Simplify approval processes with fewer people touching data

Business Benefits
- Managers will be equipped with tools and data to effectively and efficiently manage their workforce
- Allow agencies to access real time data to respond to legislature and budget requests
- Create professional job postings that appeal to a broader array of applicants
- HR and Payroll are seen as strategic partners in decision making
- Agencies are aligned - "on the same page"
- Accurate data can increase savings – reduce overtime by position
- Electronic organizational charts provide a real time view of the State's structure
- Best practice processes and technology will enable the State to move closer to a stronger operating model
- Elimination of shadow systems will reduce costs and support data standards

Potential Barriers to Success
- Legislature does not understand the HR information provided
- Computer equipment is out dated
- Fear of change, particularly changes in responsibility and authority
- Insufficient training could be catastrophic
- Difficulty in moving beyond "we've always done it this way"
- Lines of approval vary across agencies
- Agencies do not want to pay for support or changes
- Uniqueness of the Judicial branch hinders standardization
- Improperly designed organizational structure will have a negative impact on workflow

Possible Areas for Standardization/Consolidation
- Establish standardized job descriptions across agencies
- Determine standardized reporting requirements
- Standardize and consolidate the documentation of processes

Performance Metrics
- Decreased turnaround time for approvals
- Reduced time to report consolidated statewide data

Related North Carolina Legislation
- See Appendix A

Observations
- The maintenance of organizational charts varies across agencies. Larger agencies utilize software tools while smaller agencies are relegated to manual alternatives
- Significant issues surround organizational planning and the budget approval process. The State does not support a standardized approval process across agencies
- Budget funding for positions can be allocated between multiple funding sources. Today, the existing system does not support percent allocation and requires manual intervention for all changes
- Seasonal and temporary employees are not maintained as part of the organization structure impeding the State from maintaining an accurate snapshot of their employee population at any given point in time
- Agencies frequently create custom job descriptions despite similar positions profiles that exist across the State. HR personnel have limited access to existing and past job descriptions for templates
- Agencies hire employees to "work against" open positions in order to utilize available budget monies creating a misrepresented view of the employee organization. One outcome of this process has been to create working titles for employees since they may not be accurately represented by their job classification

Potential Next Steps
- Adopt standardized templates for the development of job descriptions
- Develop standardized job descriptions and socialize the benefits across the State
- Adopt a standardized position approval process and streamline existing levels of review and approval
- Assess the number of employees in "work against" positions to determine if an appropriate change in policy or legislative process is needed
- Formulate a state policy for tracking temporary and seasonal employees in organizational charts and state information systems

HR-040 Career and Succession Planning

Business Process Overview
Career planning is centered on developing an employee's competencies, and helping to prepare an employee for the next steps in his/her career. Competency modeling or competency-based systems have become a key concept in the strategic management of human resources. Competency models provide the framework for recruiting, developing, assessing, and promoting resources as well as providing the foundation for workforce planning efforts.

Succession Planning includes looking at future vacancies in the organization and identifying steps the organization can take to prepare to fill these gaps. It can include looking to fill a specific future vacancy or identifying activities to mitigate a general loss of multiple key skill leadership positions.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Conduct organized career and succession planning sessions statewide
- Consider changing laws that prevent identifying potential leaders who could fill future leadership vacancies, and then preparing the candidate pool for that position
- Link competencies to all jobs and performance evaluations to better identify career development needs

Business Benefits
- Provides the ability to identify individuals within the State who may be well suited to fill upcoming leadership gaps
- Allows employee to enter skills that are not related to a specific job, which will empower both employees and managers in locating needed proficiencies
- Gives employees ownership of their careers and gives managers tools they did not have previously
- Positions the State as a competitive employer, particularly with the coming labor shortage
- Allows HR to function as it is truly intended
- Improves decisions to most effectively use a limited training budget
- Enables accountability on the use of training dollars

Potential Barriers to Success
- Moving to competency based hierarchy (specific skills list vs. proficiencies) will be difficult
- Allowing employees to enter their own skills may cause employees to 'over-inflate' skills when they are directly related to compensation level
- High potential employees cannot be flagged and high performers cannot be groomed for a position which may become available due to current legal constraints
- Employee familiarity with computers to use the new system
- Cost of training and limited training budgets
- Vision of leaders and commitment to succession planning in general
- Productivity loss when losing time to schedule training and other career development activities

- Disagreement in consolidation of competency model and wording or context
- Some employees' salaries are set by legislature and therefore do not align with existing salary band structures

Possible Areas for Standardization/Consolidation
- Standardized skill sets must be established and adopted across all agencies
- A single process for career and succession planning throughout the State must be developed for consistent handling of all state employees
- Competency modeling must be developed in a statewide vs. agency model

Performance Metrics
- Shorter time to fill vacant positions
- Skills gap between current levels and future needs is closed or narrowed
- Larger and better qualified applicant pool
- Productivity increases because newer employers hit the ground running
- Increased productivity and higher caliber individuals in key positions due to better resource preparation and allocation
- Reduced turnover rate of top performers compared to general turnover
- Increased percentage of open positions filled by internal applicants

Related North Carolina Legislation
- See Appendix A

Observations

- Career and Succession Planning has generally occurred inconsistently and informally across the State. Due to the lack of a formalized process, Deloitte's best practice IndustryPrint[TM] tool was instituted as the baseline for development of this business process
- Although current legislation limits a formal succession planning process, there is still potential for identification and development of potential candidates prior to job vacancies
- Over 64% of the State's employees are over age 40, with approximately 40% eligible for retirement within the next 10 years. Assuming an existing population of almost 88,000 state employees there could be up to 35,000 positions vacated due to retirement. Furthermore, many of these positions are senior posts and require a requisite skill set for future candidates
- Today due to headcount constraints imposed via the legislature, skilled personnel are frequently assimilated into the workforce through contractor sourcing
- Currently, the State cannot support the level of recruiting required to bring in 35,000 appropriately experienced employees in the next ten years
- External candidates without state operations experience will have difficulty meeting expectations in senior positions vacated by experienced state employees. Therefore, the strongest population of candidates resides in the State's existing work force

Potential Next Steps

- Develop a skills based competency model in a standardized environment across all state agencies and organizations. This model would provide a roadmap for employees to understand the skills required for specific jobs and assist employees with their development of competencies for job migration within and across state organizations
- Assign key skills and attributes to each job subsequent to development of the competency model

- Identify critical workforce segments and focus succession planning efforts on those positions to perform the career and successful planning process
- Develop a well documented career planning program before implementing technology to support business processes. Initial steps would require planning and education. All agencies would be trained to operate within the prescribed program structure
- Encourage agencies to actively pursue focused succession planning on topics such as:
    o What is the impact of retirement to your agency in the next 5, 10 years?
    o How prepared is your organization to replace key leadership positions in the next 5, 10 years?
    o Should agencies share talent across organizations to meet future workforce demands?

HR-050 Manage Recruiting, Hiring & Integration

Business Process Overview
The objectives of this process are to develop and implement processes, systems, and controls to ensure appropriate selection, hiring, and placement of staff. It includes the management of current and future position openings through effective processes in identifying best-qualified candidates and managing the assimilation of new employees into the organization.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Develop a single web based path for sourcing potential state employees
- Allow online application and submission of all required forms
- Filter web applications to determine applicants that meet minimum qualifications
- Streamline and standardize workflow routing for position approval

Business Benefits
- Reduces confusion for applicants because of single standardized application process
- Provides consistent data for consolidated reporting across agencies to the legislature
- Input and corrections to data would be less cumbersome and more user friendly
- Supports user defined ad hoc reporting
- Access to real-time data enables better decision making
- Allows higher flexibility for changes
- Meets scalability requirements
- Reduces paper intensive transactions through employee and manager self-service
- Empowers employees to make confident web based transactions such as:
  - Taxes
    - Modify withholdings
    - Update marital status
    - Print W2's
  - Employee Data
    - View current employee data
    - Modify address
    - Update emergency contact information
  - Leave Balances
    - View vacation balances
    - View sick balances
    - Enter leave requests
  - Benefits
    - Complete new employee benefits enrollment
    - Participate in annual enrollment
    - View benefits election
    - Update employee life event changes

- o Pre-tax Deductions
    - Change 401k - per cent, flat amount, or discontinue
    - Enroll/model for yearly healthcare spending
    - Enroll/model for yearly dependent care
- Improves the State's image as an efficient processor of information
- Allows government to be more responsive across agencies
- Assists the State to be a more attractive and competitive employer
- Meets the expectations of younger generations of applicants
- Tracks "essential" employees, minimizing confusion for inclement weather closing of State offices
- Increases sharing of information across agencies
- Supports the ability to attach documents such as resumes to applications

Potential Barriers to Success
- New terminology (jobs vs. positions vs. classifications)
- Employee familiarity with computers to use the new systems
- Need access to computers
- Subject Matter Experts felt it would "be difficult to make changes in the bureaucratic environment"
- Cost of development and maintenance
- Changes in laws, policies, and processes may affect the re-design of system
- Hesitation to leave current system to new consolidated system
- Universities may be hesitant to join a consolidated system

Possible Areas for Standardization/Consolidation
- Maintain a standard skill set across state agencies
- Improve automatic applicant screening (by degree, experience, etc.)
- Standardize application process across all agencies
- Consolidate applicant pools for meaningful access to greater candidate pool and reporting

Performance Metrics
- Reduced time to fill positions
- Increased flow of applicants due to streamlined application process
- Decreased data entry time to process data (drop down menus)
- Reduced postage costs associated with applicants due to postal expense vs. internet
- Reduced cost for storage and paper
- Increased ramp-up of employees due to improved onboarding
- Decreased legal appeals and questioning of process, particularly across agencies
- Decreased overall cost of recruitment
- Decreased total cost per hire
- Increased automation of standardized business process

Related North Carolina Legislation
- See Appendix A

Observations
- Today, applicants must submit multiple paper applications for each potential job opportunity across state government
- In today's work environment applicants expect an employer's technology to address issues where applicants have skills that might be deployed across multiple job function openings. Unless

technology is deployed to support the recruiting process, the State may lose potential candidates to other more resourceful employers

- Over 64% of the State's employees are over age 40, with approximately 40% eligible for retirement within the next 10 years. This creates a potential pool of almost 35,000 employees that may voluntarily leave the work force. Due to the reduced labor pool, the State must work smarter and reflect this change in its workforce. Future recruiting processes must be efficient and user friendly for both applicants and recruiters to address the sourcing requirements as state staff vacate existing positions
- Since most analysts agree there will be a significant talent shortage in the next decade, applicants will have greater opportunities for jobs. If the recruiting funnel is cumbersome with paper forms, or has poor communication with the applicant, there is a significant chance applicants will accept another offer
- It is more difficult to draw in applicants because the workforce has increased information about other available job openings through eRecruiting sources and external websites such as:
    - o   monster.com
    - o   careerbuilder.com
- Applicants have better knowledge of jobs available in the market, and have detailed information regarding salaries for similar positions. For recruiters, this knowledge creates additional challenges
- Currently, candidate sharing across agencies is extremely limited. Matching applicants by job fit across agencies would provide multiple career options to qualified candidates
- Today, agencies may be unknowingly competing for the same resource due to recruiting in silos, potential cross agency competition and overall lack of communication
- Classification and approval of an open position may take several months. Streamlining this process will need to occur to reduce sourcing for new positions

Potential Next Steps

- Develop a single web based standard state application for potential candidates. Additional agency specific information would be captured as the selection process is completed
- Standardize hiring related functions such as:
    - o   Advertise and post positions
    - o   Applicant screening
    - o   Talent sharing
    - o   Job offers
- Define and administer standardized competencies statewide. Assign key skills and attributes needed by job to match skills and requirements with appropriate applicants

HR-060 Develop and Train Workforce

Business Process Overview
The objective of this process is to design and deliver training, education, and development programs to effectively improve skill levels to meet current or future business plans. This includes assessing current skills inventory to determine training and development requirements, as well as creating development plans to achieve or maintain desired skills and corresponding competency levels.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Enable ESS for employees to enroll in courses and view their training history
- Standardize training material across all state agencies
- Consolidate standardized materials into a single repository for training

Business Benefits
- Improves decision making
- Provides Comprehensive training record
- Creates access to Real-time data
- Allows direct access by employees to manage their own careers
- Links training with new competency-driven processes
- Provides networking capabilities among agencies
- Creates better informed supervisors
- Supports purchasing opportunities for volume training materials
- Updates training records automatically upon completion of training
- Supports a comprehensive repository of training for all state employees

Potential Barriers to Success
- Agencies are hesitant to post evaluations online due to potential access by other interested parties across State without appropriate interpretation. Reviewers often rank employees higher if a review can be viewed by other state personnel
- Numerous training centers lack appropriate computer hook-up
- Many employees do not have computer access or are limited to dial up access
- Many employees lack basic skills for operating personal computers (PC's)
- Judges begin work prior to being input as employees to the HR system
- Employees are conditioned to respond with hardcopy feedback forms at the end of each class
- Fear of the unknown regarding a system change continues to breed hesitancy for change
- Structured learning may create fear of job security due to posting of lesson plans and course materials
- Cross agency fear – others will know "what we're doing" – something might be taken away
- Too much information for legislature could create potential for misinterpretation
- Supervisor's fear employees will have too much independence
- Elected officials and political appointees perceive there is loss of control due to ESS/MSS

Possible Areas for Standardization/Consolidation

- All authorized training would be tracked by a single electronic system
- State mandatory courses would be standardized
- Training instructors would be shared statewide to deliver standardized course material
- Law enforcement certifications and training could be standardized providing leverage to affected agencies

Performance Metrics

- Increased responses to course evaluations
- Meet EEO guideline as determined by the Federal Government
- Reduce cost per trainee
- Increase access to standardized course material
- Reduce payroll dollars spent on training
- Decrease design time for a new training programs
- Increased efficiency for training registration
- Increased skill retention after training
- Increased job performance related to better training

Related North Carolina Legislation

- See Appendix A

Observations

- Currently, it appears little oversight is provided to monitor curriculum taken, the benefits of those courses and applicability of the material to the employee's job
- Access to training information is not readily available to managers
- There is little coordination of training and development across agencies, including the development of class materials and access to training facilities
- The State does not leverage the use of eLearning courses that can be delivered in mass at a fraction of the cost of classroom training
- Learning Management Systems are frequently implemented to provide additional functionality not delivered with ERP packages

Potential Next Steps

- Evaluate class offerings statewide to determine synergies in courses that allow for state-wide economies of scale and consider future training opportunities across agencies
- Evaluate the classes provided in the State's curriculum and determine the degree of match between the current skills imparted and the competencies required by the State
- Determine the benefit derived from a separate learning management system to address the State's training requirements

HR-070 Manage Compensation and Classification

Business Process Overview
The objectives of this process are to manage employee promotions, transfers, and status changes; and to develop and implement employee compensation programs linked to performance/geographical guidelines that conform to budgeting and planning constraints. It includes the collection of compensation surveys and interviews to determine appropriate compensation levels associated with each position within the organization.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Eliminate redundant systems that do not integrate well with each other
- Simplify range revision and balance process
- Evaluate implementation a variable pay structure
- Provide provisionary approval of permanent benefits for probationary employees during the probation period
- Eliminate multi-level commission approval for classification decisions which may require approval
- Integrate outside survey data with HR system data

Business Benefits
- Make informed decisions with access to key information
- Track multiple pay plans

Potential Barriers to Success
- Existing Legislature on classification and applicant processing
  - Flexible pay
  - Incentive pay
- Limited project funding
- Constraints on salaries caused by legislation and limited funding
- Legislature does not understand the cost and risk of not implementing the new system
- Objection to any significant change
- Managers filter communication prior providing it to employees
- Fear of how increased data will be used or managed
- Differences in the pay structure at the Administrative Office of the Courts (AOC) adds a level of complexity

Possible Areas for Standardization/Consolidation
- Standardize classification and compensation activities across agencies
- Standardize use of compensation benchmark goals
- Standardize processes across agencies, such as handling promotions, terminations, and notification of salary changes

Performance Metrics
- Decrease turnover
- Increase employee satisfaction obtained through regular surveys
- Decrease time to fill for positions
- Decrease time to pay or classify position decision

Related North Carolina Legislation
- See Appendix A

Observations
- Agency HR leaders feel sub-standard pay for state employees is a significant issue
- Due to the retirement of the baby boomer generation, the State will be forced to compete with the private sector for recruitment of future staff
- Existing state employee pay is based on longevity rather vs. performance, which will not attract top performers with required skills
- The State is moving to a competency based HR model where compensation will be directly tied to skill levels
- New job classification can take months due to the challenges of the budgeting and approval processes
- Streamlining the job classification process will be important to the success of a new system implementation
- User access to current salary information is cumbersome which hinders the job classification process

Potential Next Steps
- Develop a comprehensive centralized competency model to effectively classify jobs across agencies
- Review the existing career banding project to determine alignment with upcoming ERP initiative
- Continue to evaluate employee pay against existing third party data
- Analyze exit interview statistics and determine whether compensation imbalances are a significant contributing factor
- Consider consolidation of multiple jobs to simplify the existing structure
- Streamline and standardize across agencies existing processes for classifying and approving positions

HR-080 Maintain Benefits and Enrollment

Business Process Overview
This process includes maintaining the rules for benefit plan eligibility and enrollment. Voluntary, employee-paid, and employer-paid benefits are included. Traditional benefits, flexible spending, tax-exempt, and tax-deferred plans are also included.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Evaluate migration of health benefit plan year to a calendar year vs. fiscal year to allow employees to easily manage coordination of benefit deductibles
- Review the option to bring benefits processing in-house vs. outsourced
- Allow electronic approval of signature for benefits
- Capture existing NC Flex enrollment in electronic format vs. hardcopy
- Simplify transfers between agencies so that re-enrollment in health and retirement are seamless an do not require duplicative processing

Business Benefits
- Provide employees with a total compensation statement that includes benefits
- Allow employees to view and change their beneficiaries online
- Create a seamless experience for employees transferring between agencies
- Process transactions more efficiently with less administrative work and fewer errors
- Develop employee confidence in the accuracy of their benefits changes
- Empower employees to become more responsible
- Provide consistency of information across agencies for better decision making

Potential Barriers to Success
- Grandfathered benefits options with special rules add to complexity in administration of plans
- Some employees have limited computer skills as well as questionable reading comprehension
- Significant numbers of employees (such as Department of Revenue) do not have web access which will require a kiosk strategy to provide ready access to employees for pertinent information
- Agencies may have to absorb higher printing costs from employees who require printed copies of all online material
- General fear of the unknown as well as resistance to change

Possible Areas for Standardization/Consolidation
- Standardize supplemental benefit plans for ease of administration and portability for employees

Performance Metrics
- Decrease time to complete enrollment
- Increase participation of employees in benefit plans
- Decrease error rates during the enrollment process
- Improvement in employee morale
- Decrease in employee turnover

Related North Carolina Legislation

- See Appendix A

Observations

- Human Resources does not own benefit data making it difficult to evaluate the various state programs
- Today benefit enrollment is paper based and highly intensive to process
- Employees cannot easily confirm coverage for benefits except via payroll check deductions
- Existing benefits form design limits OSP from extending additional options to employees
- Due to the lack of automated information, payroll must calculate and input deductions for employees with dependents covered by the State health plan
- Employees covered by various plans are validated via provider interfaces to deduction amounts
- When an employee transfers between agencies, benefits enrollment paperwork must be completed as a new employee

Potential Next Steps

- Evaluate a shift in Human Resources to actively manage benefits data
- Move to automated benefits enrollment to increase efficiency and save costs. Types of automation to evaluate should include:
  - Interactive Voice Response (IVR)
  - Internet
- Redefine the employee transfer process to alleviate the termination/rehire process across agencies
- Enable systems that require a minimum data set to be entered for completion of a transaction
- Implement a system that provides automated benefit deduction amounts to Payroll

HR-090 Administer Benefits

Business Process Overview
The administration of benefits is focused on the processing of disability claims.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Automate the calculation of the disability payments
- Automate distribution of fund transfer processes for disability payments between payroll and agencies (no checks)

Business Benefits
- Reduce time spent on administrative tasks
- Improve customer service
- Add flexibility to meet deadlines
- Increase the timely processing of disability claims
- Empower employees to perform self service functions

Potential Barriers to Success
- Limited employee access to computers
- Eliminate potential language barrier for employees who do not speak English
- Interface with Retirement System may be complex

Possible Areas for Standardization/Consolidation
- Standardize forms to allow for the population of an employee's information
- Create a standardized employee disability notification
- Automate the calculation of the disability payment

Performance Metrics
- Increase feedback from employees
- Faster processing time for disability claims
- Decrease errors in calculations
- Decrease lag time with benefits
- Decrease salary overpayments

Related North Carolina Legislation
- See Appendix A

Observations
- Disability payments are calculated manually by field personnel which may ultimately lead to inconsistencies in payments
- Some agencies pay disability payments during the current cycle while others pay in arrears leading to payment inconsistencies

Potential Next Steps

- Adopt, document and distribute a standard calculation for disability payments across all state agencies
- Develop supporting documentation for disability payments that support the manual process
- Develop a notification letter outlining employee responsibilities while on disability for continued benefit coverage and disability payment eligibility

HR-100 Manage Payroll

Business Process Overview
This process includes the collection of time and attendance and accounting data; collection and calculation of gross pay, deductions, and net pay; leave balance and account maintenance; links to accounts payable, general ledger, budget, funds management; and required payroll audit reports for 941's and W-2's and 1042s (tax documents for treaty benefits).

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Create a single point of entry for data changes
- Utilize employee self service for data inquiries/changes
- Move payroll to strategic activities vs. transactional
- Communicate the role of central payroll to agencies
- Eliminate multiple agency employee payroll records
- Develop strong payroll processing policies and procedures with electronic access
- Simplify classification of contractors, temporary, seasonal, time-limited employment
- Automate online time collection
- Develop centralized "service center" capabilities
- Consider migration to a statewide bi-weekly payroll cycle
- Consolidate existing multiple (12) leave tracking systems to a manageable few or one
- Establish standardized leave tracking policies statewide
- Develop a standardized processes for the reconciliation of payroll to benefit plans
- Standardize employment verification process and responsibility to a central service center
- Automate and monitor approval for dual employment
- Pay dual employment payments via a single check
- Eliminate split check situations
- Develop strong separation of duties between HR and payroll functions for audit and control
- Automate student and temporary employee time collection and payment
- Enable remote check printing to allow additional flexibility in processing deadlines
- Distribute direct deposit notification (remittances) through e-mail instead of mailing where possible
- Automate payroll calculations for staffing changes (terminations, new hires, etc.)
- Implement general ledger account validation prior to payroll posting
- Develop electronic ability to archive payroll registers

Business Benefits
- Online time collection will decrease calculation errors
- Elimination of separate/duplicate HR and Payroll systems will strengthen data integrity
- Elimination of duplicate data entry will increase efficiency
- Provides a seamless transition for employees transferring between agencies
- Automated calculations will decrease errors and increase consistency
- Streamlined dual employment process will provide more timely payments for the employee
- More timely processing of transactions will reduce adjustments
- More timely processing of transactions will reduce overpayments

- Reduced storage space and cost will be achieved due to fewer paper transactions
- Self-service requires fewer people to touch certain employee data
- More timely processing since automated processes do not rely on the receipt of paper
- Because employees have access to information, payroll will receive fewer calls
- Decreased time required for payroll processing will allow a longer window of opportunity between payroll processing and final pay cut-off
- Standardized and streamlined processes allow for policies to be applied consistently across all agencies
- Less time performing transactional activities allows payroll to be proactive rather than reactive
- Standardized processes allows payroll staff to perform same job function across multiple agencies
- Equivalent pay should exist among payroll employees because they are performing the same function
- An automated system provides for an easier payroll audit
- Reduction in the number of lost or late checks when they are printed closer to the distribution point
- Reduced processing time is needed if agencies print their respective checks
- Employee self service provides a 24/7 view to employees
- Employee self service provides a seamless view of information when an employee transfers

Potential Barriers to Success

- HR staff need to be aware of and comply with payroll deadlines
- HR and payroll need education regarding responsibilities and deadlines to work together more effectively
- Payroll has perception that HR will enter data inaccurately
- Sheer magnitude of the project is daunting
- History of potentially failed state projects taints future successes
- Current lack of standardized processes among agencies will make implementation difficult
- Some people are resistant to change, fear uncertainty, or do not see the need to change
- Fear of using new system
- Some employees fear losing their jobs
- Lack of proper funding could impact project success
- Employees barely have time to perform current functions and have limited time to be trained
- Management must be willing to provide capable resources to staff the implementation and future support
- Potential lack of support from senior leadership
- Fear of identity theft due to personal information being available on the internet
- Too many exceptions and modifications requested will have a negative impact on implementation
- Not enough time spent in system design and testing will lead to poor system functionality
- Lack of buy-in from deduction vendors will limit process improvements
- Poor process training will increase payroll errors
- Unclear documentation of processes will make the system difficult to use
- Inadequate participation from agencies will lead to incomplete system design
- Less than optimal participation in training will lead to incorrect system utilization
- Continuous funding for support and improvements will be needed
- IT firewalls cause problems with processing and printing checks remotely
- Unwillingness by agency payroll personnel to assume responsibility for remote check printing
- Direct deposit advice formatting must be changed for agencies to print their own remittance stubs
- Current perception today is W2 forms must be perforated
- Many employees are not able or willing to use direct deposit
- Some employees are not comfortable with computers
- Not all employees have computer access

Possible Areas for Standardization/Consolidation

- Time sheets – multiple agencies have different time sheets for each type of flex time
- Non-standard increments for time collection – some are 5 minute increments, 6 minutes increments, and premium pay is paid in 15 minute increments
- Adopt standards for accrual, use, and payment of comp time
- Consolidate leave tracking alternatives
- Standardize short term disability payments and frequency – calculations are manual with some agencies paying current and others a month in arrears
- Leverage or consolidate multiple supplemental benefit deductions
- Standardize handling of adverse weather policy (taken and relieved)
- Create statewide policies for handling negative leave balances
- Develop statewide standards for advancement of leave
- Define standard payroll calculation rules for non-standard pay (staffing changes, bonus pay, premium pay, overtime, etc.)
- Create a standard policy and process for handling military leave
- Create a standard manual for policies, processes, and system usage
- Standardize and consolidate the process for payments to deduction vendors
- Define state-wide documentation requirements needed for audits and retention schedule
- Determine accounting procedures for payroll
- Define and communicate centralized vs. decentralized payroll functions

Performance Metrics

- Reduced errors in time collection
- Reduced errors in payment
- Consistent application of defined state policies to employees
- Reduced effort required to pay employees
- Increased employee satisfaction
- Consistent reporting
- Decrease in duplicative processing
- Shorter time requirement for data entry
- Reduction in cancellations and rewrites
- Reduction in number of substitute paychecks
- Reduction in payroll staff turnover
- Fewer employee complaints
- Reduced number of phone calls for basic employee information
- Fewer requests for W2 and pay stub reprints
- Reduced number of overpayments

Related North Carolina Legislation

- See Appendix B

Observations

- Existing payroll polices lack sufficient detail to assist agency payroll officers to administer appropriate state payment
- Existing statewide policies and procedures are vague and do not address the complete scope of the State's payroll processing

- There is no recognized individual viewed by agencies to own the payroll process and champion the development of a series of consistent policies to be applied across agencies
- Today, the State operates a loosely held "shared services" concept with little focus on support for processing agency payroll and triaging questions
- Some agencies do not perceive OSC as a source for support and guidance with payroll issues
- Many existing agency payroll officers do not see HR as a partner in providing service to state employees
- Distribution of checks and remittances today are cumbersome and reflect a significant waste of time and labor
- Most payroll officers lack experience with more up to date payroll systems and frequently struggle with the vision for change that is needed
- Almost all payroll officers lack experience in documenting processes and procedures and cling to developed work patterns for completing their respective duties
- Few payroll officers have experience interacting with progressive organizations that have embraced a "shared service center" model
- Except for a small number of payroll officers, many have been in the same job for at least 10 years

Potential Next Steps

- Begin a review of existing state policies and procedure and put in place a plan to begin enforcing standards through training, group communication, process documentation and ongoing education
- Communicate to agencies the appointed payroll champion
- Develop a structure for a centralized payroll support center
- Analyze current resources to determine appropriate project fit, staffing, and gaps
- Develop an active support plan for the help desk function for payroll processing to address frequently asked questions, policy issues, and problem resolution
- Communicate help desk relationship to agency payroll officers for support of central payroll
- Monitor help desk functions by logging requests through active management of inquiries to determine needs for future training, education, documentation and system enhancement
- Begin active communication at multiple levels by agency and state organization regarding the upcoming system replacement and communicate the vision
- Evaluate the benefits of remote check printing as a "quick hit" solution to streamlining existing business processes
- Communicate through planned payroll sessions the benefits to agencies of a "customer service driven" shared service model
- Create "in-house" education for payroll officers regarding best practices in payroll
- Explore state's ability to migrate during the payroll replacement to a bi-weekly payroll cycle

HR-120 Monitor Employee Safety & Health

Business Process Overview
The objectives of this process are to implement plans and practices that ensure the organization consistently meets government reporting requirements related to health and safety, track work related incidents and their outcomes, and develop incentives that promote a safe work environment.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Completing and approving forms via workflow
- Assign SIC codes at the job level for improved reporting
- Expand SIC code structure to support a broader use of reporting

Business Benefits
- Reduced clerical burden
- Focused on solving problems, rather than gathering information
- Better able to measure the improvements with better information
- Increased efficiency due to reduced clerical burden
- Cost savings through reduction in Worker's Compensation overpayments
- More open communications between employees and supervisors
- Cost savings from electronic transactions
- Save physical space with reduction in paper
- Managers potentially will become more aware of safety issues through ESS
- Ability to flag salary continuation that the supervisor can monitor

Potential Barriers to Success
- All employees do not have access to computers
- Agreement on common data elements may be difficult
- Integration to Third Party Administrators could pose problems
- Many agencies have outdated equipment
- The Industrial Commission makes frequent changes in requirements
- Software changes (browsers and operating system incompatibility)
- Who will pay for this going forward?
- Securing the system if all data is in one place
- Getting people to move to new roles
- Complicated or time consuming reporting from the system will cause users to stop entering data
- DOT does not use the same Third Party Administrator that other agencies use

Possible Areas for Standardization/Consolidation
- Tracking the types of incidents by job as well as agency

Performance Metrics

The system may not help decrease the number of incidents that occur, but there would be better tracking of:

- Incidence rates
- Severity rates
- Workers compensation claim costs
- Number of claims
- Number of lost work days
- Cost of injuries
- Cost of rehabilitation

Related North Carolina Legislation

- See Appendix A

Observations

- Currently Employee Health & Safety reporting varies across agencies making it difficult to analyze issues and trends in employee safety
- There is very little done to tie the reduction in incidents back to training making it difficult to determine whether or not the safety training that is offered is effective
- Because the State cannot tie the reduction in incidents to safety training, there is little incentive to offer more safety training which might reduce the State's Worker's Compensation claims

Potential Next Steps

- Evaluate existing incident types and standardize the types to perform more meaningful tracking
- Determine job related safety requirements and determine the factors to be measured, which would include safety equipment certification and training requirements

HR-130 Manage Employee Relations

Business Process Overview
This process includes managing communications with employees as well as monitoring and resolving grievances, disciplinary actions, discrimination complaints and performance appraisals.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Utilize a single repository for adverse action reporting
- Automate notifications for follow up activities
- Move grievance policies from reactive to proactive

Business Benefits
- Spend valuable time on people driven activities rather than administrative activities
- Quality data will assist with identifying trends
- Better business intelligence will be available
- Ready access to data for decision making
- Address issues at the source vs. escalation
- Connect previously disjointed systems
- Capture the cost of grievance by level

Potential Barriers to Success
- Some employees do not have access to computers
- Agencies currently have different processes
- Culture of State government – One SME said, "Resistance to change at all levels of government"
- The role of the Office of Administrative Hearings may cause additional complexities in making any changes in this area
- People are resistant to change and will need extensive training
- Infrastructure issues
- Terminology differences
- Fear that data will be used to hold up progress, rather than for its intended purpose
- Managers may not be ready for the accountability
- Need to determine what information is public information
- Some employees have limited computer skills, or perhaps less solid reading skills
- Employees still may not know how to get the information they need
- Employees may not trust their managers

Possible Areas for Standardization/Consolidation
- Create a single point for frequently asked questions regarding policies

Performance Metrics
- Decrease in employee complaint frequency/severity
- Increased employee retention rate
- Decreased number of complaints that are litigated

Related North Carolina Legislation

- See Appendix A

Observations

- While the State currently utilizes an intranet site to post employee policies and procedures the static nature of the site does not motivate employees to visit it on a regular basis
- Employee surveys are rarely administered, providing the State with little feedback regarding the needs of employees
- Performance appraisals forms are cumbersome and frequently not completed on a timely basis

Potential Next Steps

- Determine traits, talents, and results of the high performers as a baseline for all state employees
- Develop goal setting as part of the career banding process
- Evaluate performance management process in light of the overall talent management workforce planning efforts required
- Determine the right set of metrics that would provide meaningful insight for employee relation activities

HR-140 Manage Employee Separation

Business Process Overview
The objective of this process is to manage voluntary and involuntary employee terminations, including performing exiting activities and recording separation data. Activities may include collection of employer property, packaging of severance or other separation packages, and discontinuance of benefits (both employer and employee contributions).

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Recommendations
- Upon notification of impending separation create an acknowledgement of separation with frequently asked questions and benefits contact information
- When an employee is moving between agencies, handle the process as a transfer rather than a separation and hire into the new agency (system limitation today)
- Create checklists for hiring and separation that track State property and key activities
- Develop workflow notifications to appropriate parties (security, fixed assets, etc.) when an employee is separated
- Correlate exit interview questions to employee survey data for evaluation

Business Benefits
- Ability to transfer rather than terminate/hire when moving between agencies will allow employee to take their employment "history" with them
- Ability to report turnover Statewide on a real time basis
- Improved tracking of property will increase recoveries from separating employees
- A system-generated separation letter should reduce the number of follow-up questions and grievances and provide a better information trail
- More transparent and less onerous for employees
- Automated workflow notifications moves the approval process through the organization
- Separating employees are left with a positive experience

Potential Barriers to Success
- Employees and supervisors may not have access to computers or are not computer literate
- Low participation in exit surveys and interviews – this may be due to an employee who is mad, apathetic, or fearful of retaliation
- Different technology infrastructure – different web browsers, document editors, email systems
- General resistance to change in the organization
- Challenge to reach a consolidated decision on some issues
- Currently, employees view agencies as their employer, rather than the state as their employer

Possible Areas for Standardization/Consolidation
- Standardize electronic and paper-based processes for receiving employee notice and initiating notice
- Standardize policies among agencies for tracking leave and separation

- Develop a checklist for hiring and separation that includes necessary steps, such as tracking state property, in addition to key information
- Standardize exit interview core questions across the State

Performance Metrics
- Reduced payroll overpayments upon leave
- Increase recovery of State property upon separation
- Reduced number of grievances due to separation
- Reduced time and increased accuracy of final pay processing

Related North Carolina Legislation
- See Appendix A

Observations
- Currently, the process of transferring between agencies requires termination and rehire, including paperwork that accompanies those processes. Today's perception is the employee is working for a specific agency rather than the State of North Carolina
- Upon separation, employees receive different packets of information, or sometimes no information, depending upon the agency they are leaving
- Agencies are capturing their own exit interview information making it difficult to develop meaningful turnover analysis

Potential Next Steps
- Define turnover calculation to be used by all agencies for reporting
- Develop a standardized exit interview form to capture consistent information from all agencies
- Standardize the exit interview process across State agencies
- Allow employees the option to provide exit information through multiple sources in an anonymous non-threatening manner
- Develop a standard separation packet of information that will be used across all agencies to provide improved information to separating employees

HR-150 Collect Time and Attendance

Business Process Overview
This process includes collecting leave time, capturing exception time, approving the leave data, and monitoring time and leave balances. Time and attendance information is typically captured at the source where it originates through a variety of tools.

Business Process Requirements
- Refer to NC HR-Payroll Requirements Excel spreadsheet

Business Process Flow
- Refer to NCPrint for HR-Payroll document

Process Redesign Opportunities
- Simplify voluntary shared leave policy
- Standardize execution of adverse weather policy
- Calculate leave balances to include the current period
- Allow electronic signature approval for routing
- Integrate time system and leave systems
- Apply leave policies consistently across agencies
- Transfer leave balances seamlessly across agencies as an employee moves between affiliated state organizations

Business Benefits
- Ability for the state to accurately report use of leave across the state
- Employees trust the accuracy of time reporting when input personally
- Ability for all authorized users to create reports rather than requesting data from another group/agency
- Increased ability to identify non-compliance of employees that require training to properly report time and leave
- Increased processing window for time collection and approval
- Ability to override leave balances due to reinstatements
- Time and effort saved because managers will no longer need to verify calculations on timesheets
- Increased availability of staff due to electronic delivery of timesheets

Potential Barriers to Success
- Disparate business rules need to be standardized
- General resistance to change for time requirements that are agency specific
- Not all employees have access to computers
- Many employees are not computer literate
- Need adequate training for those not familiar with new technology
- All agencies do not yet accept electronic signature, and employees must manually sign time sheet
- Must be flexible to adapt to legislative changes and state leadership changes
- Perception of ownership – "This is OSC/OSP's system, not the agencies'"
- Technology infrastructure differences
- Dispersed workforce will make training and support more difficult
- Complexity and magnitude of business rules and laws for timekeeping

Possible Areas for Standardization/Consolidation
- Develop standard policy for advancing leave
- Standardize leave tracking / leave entitlement details
- Institute uniform time policy enforcement across agencies
- Seize the opportunity to clarify and resolve conflicts in time policy

Performance Metrics
- Fewer payroll overpayments
- Reduced time required to process a time sheet
- Reduced error rate in reporting time
- Reduced timeframe for collection and approval

Related North Carolina Legislation
- See Appendix B

Observations
- Enforcement of time and leave policies and procedures vary by agency and often by manager
- Without standardizing time and leave policies prior to implementation, costs for system blueprint will extend significantly beyond normal allotted timeframes
- Since interpretation of time and leave policies differs between agencies, it is often difficult to transfer between agencies and maintain similar benefits
- Manual computation is frequently required to convert leave time when transferring between agencies due to lack of standard policies and procedures
- Administering the shared leave policy is a labor intensive process
- Many of the perceived unique DHHS time collection requirements (proximity cards, Interactive Voice Response, etc.) may require significant ongoing support for interfaces

Potential Next Steps
- Rationalize time policies and procedures to remove conflicts across agencies and communicate the finalized standard policies
- Standardize leave policies that cause the most problems between agencies: advancing leave, leave donation, and adverse weather policies
- Confirm integration requirements between SBIP and agencies for collection and processing to time and leave
- Develop a model sponsored by SBIP to determine appropriate support for multiple methods of time administration across state organizations
- Consider developing a central point of contact for capture of time from agencies to be processed by the new payroll processing service center

Appendix

Appendix A – <u>NC HR Statutes</u>
Appendix B – <u>NC Payroll Statutes</u>
Appendix C – <u>JAD Session Calendar</u>
Appendix D – <u>NC JAD Attendees</u>

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